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4 UNITED STATES DISTRICT COURT- CENTRAL DISTRICT OF CALIFORNIA

5 Case No. 2:15-cv-1328

6 ) CLASS ACTION

7 ) COMPLAINT FOR DAMAGES

8 STEPHANIE SCOGGINS, ELENDA GIVAN, ) (pursuant to  
9 JORDAN SADLER, OTIS HAWKINS AND ) Racketeer Influenced and  
ALL PERSONS SIMILARLY SITUATED, ) Corrupt Organizations Act of  
PLAINTIFFS, ) 1970 "RICO" 18 U.S.C.  
Section 1961 et. seq.)

10 )  
11 ) 1. 18 U.S.C. Sect.1962 (c)

12 ) 2. 18 U.S.C. Sect.1962 (a)

13 ) 3. 18 U.S.C. Sect.1962 (b)

14 ) 4. 18 U.S.C. Sect.1962 (d)

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28 )  
VS.  
HSBC Bank USA, a corporation  
AND DOES 1-10,  
DEFENDANTS.

Plaintiffs Stephanie Scoggins, Elenda Givan, Otis Hawkins and Jordan Saddler, on behalf of themselves and all similarly situated persons, allege and complain against defendants and each of them as follows:

**INTRODUCTION**

1. This is a class action brought pursuant to the provisions of the Racketeer Influenced and Corrupt Organizations Act of 1970 ("RICO"), Title 18 U.S.C. Section 1961 by plaintiffs, individually and on behalf of all persons similarly situated, against defendants, HSBC USA (HSBC) and DOES 1-10.
2. Plaintiffs seek damages and other appropriate relief for defendants' violations of RICO as alleged more fully below.
3. Throughout the Class Period, as defined below, the defendants conspired to wrongfully take plaintiff's property, including money, hide its source through money laundering and use the money to fund the Sinoloa Drug Cartel.

- 1 4. Defendant HSBC participated in the conspiracy by its willful actions  
2 to launder the money it received for the Sinoloa Cartel that was  
3 wrongfully taken from plaintiffs.
- 4 5. Money laundering is an act to hide and disguise the source of money  
5 in order for the money to be treated as lawfully obtained money by a  
6 criminal enterprise.
- 7 6. Plaintiff's property, including money, was taken by members of  
8 various Los Angeles Street gangs who are associated with the drug  
9 distribution activities of the Sinoloa Cartel. The property,  
10 including money was taken for the purpose of providing profits to  
11 the Sinoloa Drug Cartel.
- 12 7. HSBC's actions are clearly set out in paragraphs 46-51 of the  
13 Statement of Facts associated with the Deferred Prosecution  
14 Agreement (DPA) in case No. 1:12-cr-00763-ILG (exhibit 1).
- 15 8. The specific accounts at HSBC that were used to launder money for the  
16 Sinoloa Cartel number over 3000. Those specific accounts have been  
17 identified by the United States Department of Justice in its  
18 prosecution of HSBC that resulted in the DPA, by the United States  
19 Senate Committee On Homeland Security And Governmental Affairs in a  
20 hearing held on July 17, 2012, and in various other criminal cases  
21 where money involved in the Sinoloa Cartel drug distribution  
22 enterprise was subjected to forfeiture proceedings.

17 **VENUE ALLEGATIONS**

- 18
- 19 9. Competent subject matter jurisdiction and venue exists, in whole and  
20 in part pursuant to Section 1964 (a), (c), and (d) and section 1965  
21 (a), (b), (d) of the Racketeer Influenced and corrupt Organizations  
22 Act of 1979 (hereinafter "RICO"): pursuant to 28 Unites States Code  
23 section 1331 (federal question); Pursuant to 28 United States Code  
24 section 1337 (regulation of commerce; and pursuant to 28 United  
25 States Code section 1391(b)(2)(venue).

24 **CLASS ALLEGATIONS**

- 25
- 26 10. Plaintiffs bring this suit as a class action pursuant to Rules 23(a)  
27 and (b) of the Federal Rules of Civil Procedure on their own behalf  
28 and on behalf of all persons who have had property taken by Los

1 Angeles street gangs that was placed into accounts at HSBC for the  
2 purpose of funding the drug distribution network of the Sinoloa  
3 Cartel.

4 11. Plaintiffs are member of the following class of persons, the  
5 members of which are similarly situated to each other member of that  
6 class. The classes of person is defined s follows:

7 Persons whose property, including money, was wrongfully taken  
8 by a Los Angeles street gang that is associated with the  
9 Sinoloa Cartel and whose property/money was deposited into  
10 accounts at HSBC associated with the Sinoloa Cartel.

11 12. The class plaintiffs represent many thousand of persons who have  
12 had their property/money stolen by members of Los Angeles street  
13 gangs that was then deposited at HSBC for the purpose of laundering  
14 the money to fund the drug distribution enterprise of the Sinoloa  
15 Cartel. The class is so numerous that it is impracticable to bring  
16 all member of the class before the court. The identity of many  
17 members of the class is readily ascertainable from the records of  
18 the Los Angeles Superior Court, Los Angeles County District  
19 Attorney, City Attorney of the City of Los Angeles and various law  
20 enforcement agencies that have prosecuted Los Angeles Street gangs  
21 for theft crimes associated with the distribution of drugs.

22 13. The plaintiffs' and class members' claims against defendants involve  
23 questions of law or fact common to the classes that are  
24 substantially similar and predominate over questions affecting  
25 individual class members, in that all class member were the victims  
26 of theft crimes of their property/money in Los Angeles County by Los  
27 Angeles Street gangs associated with the Sinoloa Cartel. These  
28 predominating factual and legal issues include the following:

- a) Whether defendant's criminal acts of laundering money for the Sinoloa Cartel extends civil liability to the defendants for the acts of the co-conspirators in the wrongful taking of plaintiff's property that was/is wrongfully possessed by defendants;
- b) Whether the theft of plaintiff's property by Los Angeles street gangs that are co-conspirators in the Sinoloa Cartels drug distribution enterprise creates civil liability for the defendants



1 who are co-conspirators in the Sinoloa Cartels drug distribution  
2 enterprise;

- 3 c) Whether the facts as admitted by HSBC in the statement of facts  
4 attached to the DPA, along with plaintiff's allegations in this  
5 complaint constitutes specified unlawful activity and criminally  
6 derived property. (Title 18 U.S.C.A. sections 1956 and Section  
7 1957;  
8 d) Whether the receipt of money that was wrongfully taken from  
9 plaintiffs by co-conspirators of the defendants constitutes  
10 specified unlawful activity and criminally derived property.  
11 (Title 18 U.S.C.A. sections 1956 (c)(7)(A) and Section 1957;  
12 e) Whether the receipt of money that was wrongfully taken from  
13 plaintiffs by co-conspirators of the defendants constitutes  
14 interstate transportation and receipt of monies obtained by theft,  
15 conversion and/or obtaining monies through fraud and false  
16 pretenses. (Title 18 U.S.C.A. Section 2314 and 2315);  
17 f) Whether defendants, were a member of, or participant in the  
18 conspiracy alleged herein;  
19 g) Whether defendants engaged in a pattern of practice of  
20 racketeering, as alleged herein;  
21 h) The extent of damages sustained by member of the Class and the  
22 appropriate measure of damages;

23 14. Plaintiffs' claims are typical of the claims of the members of the  
24 Class.

25 15. Plaintiffs will fairly and adequately protect the interest of the  
26 member of the Class; they have retained competent counsel and do not  
27 have interest antagonistic to or in conflict with other members of  
28 the Class.

16. The Class has a sufficient community of interest and a class action  
is superior to other available methods for the fair and efficient  
adjudication of this controversy. Because of the size of the class,  
varying amounts, including some relatively small amounts of monetary  
damage, suffered by any particular class member, few, if any, Class  
member could afford to seek legal redress individually for the  
wrongs complained of herein. The disposition of this controversy in  
a single forum so that the rights of the Class members are secured  
and so that the defendants can know and comply with their legal

1 responsibilities will provide substantial benefits both to the  
2 parties and to the Court.

3 **RICO PERSONS**

4 **[RICO TITLE 18 U.S.C. SECTION 1961(3)]**

5  
6 17.Plaintiffs allege that HSBC is and at all times material herein was,  
7 a corporation that operates under a federal banking charter duly  
8 created and organized and is engaged in activities affecting federal  
9 interstate and foreign commerce. HSBC is a "person" as that term is  
defined in Section 1961(c) of RICO.

10 **FACTUAL BACKGROUND**

11  
12 18.Plaintiffs incorporate in this cause of action the allegations  
contained in paragraphs 1-17, inclusive.

13 19.HSBC, defendant, is one of many banking entities controlled in whole  
14 or in part and associated with of the British based international  
15 banking conglomerate also known as HSBC.

16 20.HSBC, defendant, entered into a DPA on December 10, 2012.

17 21.The DPA is still in effect under the jurisdiction of of U.S.

District Judge John Gleason.

18 22.Stephanie Scoggins, plaintiff, alleges that on February 18, 2003  
19 Boris Tyler, a member of the Shoreline Crips street gang, wrongful  
20 took \$180 from Scoggins for the purpose of providing money to fund  
the Sinoloa Cartel. That money was received by HSBC and laundered in  
accounts associated with the Sinoloa Cartel.

21 23.Jordan Saddler, plaintiff, alleges that on November 13, 2005 Davon  
22 Harris, a member of the Rolling 60's Crips street gang wrongfully  
23 took \$240 and an iphone from him for the purpose of providing money  
24 to fund the Sinoloa Cartel. That money was received by HSBC and  
laundered in accounts associated with the Sinoloa Cartel.

25 24.Jordan Saddler, plaintiff, alleges that June 29, 2012, an unknown  
26 member of the Crips street gang wrongfully took \$130 from him for  
27 the purpose of providing money to fund the Sinoloa Cartel. That  
28 money was received by HSBC and laundered in accounts associated with  
the Sinoloa Cartel.

1 25. Ida Jackson, plaintiff, alleges that on March 8, 2007 Tyrell Chance,  
2 a member of the Grape Street gang, wrongfully took \$57 from her for  
3 the purpose of providing money to fund the Sinoloa Cartel. That  
4 money was received by HSBC and laundered in accounts associated with  
the Sinoloa Cartel.

5 26. Otis Hawkins, plaintiff alleges that on February 7, 2009 Kip Henry,  
6 a member of the Swan Blood street gang, wrongfully took \$1500 from  
7 him for the purpose of providing money to fund the Sinoloa Cartel.  
That money was received by HSBC and laundered in accounts associated  
8 with the Sinoloa Cartel.

9 **FIRST CAUSE OF ACTION FOR VIOLATION OF RICO, 18 U.S.C. 1962 (C)**  
10 **OPERATION OF ENTERPRISE THROUGH RACKETEERING ACTIVITY**  
11 **(BROUGHT AS CLASS ACTION AND INDIVIDUAL ACTION AGAINST ALL**  
12 **DEFENDANTS)**

13 27. Plaintiffs incorporate paragraphs 1-25, inclusive.

14 28. Plaintiffs allege that defendants were associated with each other,  
15 and engaged in conduct that constitutes a RICO pattern of  
16 racketeering activity. Plaintiffs allege that each of the following  
configurations constitute a RICO "enterprise" as that term is  
defined pursuant to 18 U.S.C. Sect. 1961 (1), (3), (4) and (5):

- 17 a) **RICO Enterprise No. 1:** HSBC is a RICO enterprise, organized and  
18 maintained through a consensual hierarchy of managers, directors,  
19 officers, supervisors, branch managers and/or representatives that  
20 formulate and implement policies as to how to launder money in  
21 violation of the laws of the United States, and provisions of the  
22 banking industry both domestically and internationally. Plaintiffs  
23 allege that persons acting in concert therewith, are employed by and  
24 associated with said RICO enterprise that is engaged in, or  
activities of which affect, interstate or foreign commerce, and that  
25 said RICO person, and person acting in concert therewith, conducts  
26 or participates, directly or indirectly, in the conduct of such RICO  
enterprises affairs through a RICO pattern of racketeering activity.
- 27 b) **RICO Enterprise No. 2:** An unnamed entity constituting an "association  
28 in fact" is a RICO enterprise, organized and maintained by and  
through a consensual hierarchy of partners, managers, directors,  
officers, supervisors, branch managers, and/or representatives that



1 formulate and implement policies as to how to launder money in  
2 violation of the laws of the United State and the provisions of the  
3 banking industry, both domestically and internationally. Plaintiffs  
4 allege that all of the named defendant and persons acting in concert  
5 therewith, are RICO persons acting in concert therewith, are RICO  
6 persons, and are employed by and associated with said RICO  
7 enterprise that is engaged in or activities of which affect.  
8 Interstate or foreign commerce, and that said RICO person, and  
9 person acting in concert there with, conduct or participate,  
10 directly or indirectly in the conduct of such RICO enterprise's  
11 affairs through a RICO pattern of racketeering activity. This  
12 association in fact had a common or shared purpose, to take  
13 plaintiffs property/money, launder the money and use the money to  
14 benefit the drug distribution enterprise of the Sinoloa Cartel. It  
15 continued as a unit, with a core membership, over a substantial  
16 period of time and was an ongoing organization established for an  
17 economic motive. The association in fact remains viable and active  
18 at the time of filing of this complaint.

14 c) **RICO Enterprise No. 3:** The Sinoloa Cartel is a RICO enterprise,  
15 organized and maintained by and through a consensual hierarchy of  
16 managers, directors, officers, supervisors, representatives, Los  
17 Angeles based street gangs and/or banks that formulate and implement  
18 policies relative to the provisions of the narcotic distribution  
19 industry, both domestically and internationally. Plaintiffs allege  
20 that HSBC acting in concert therewith, was employed by and  
21 associated with said RICO enterprise that is engaged in, or  
22 activities of which affect, interstate or foreign commerce, and that  
23 said RICO person, and person acting in concert therewith, conduct or  
24 participate, directly or indirectly, in the conduct of such RICO  
25 enterprises affairs through a RICO pattern of racketeering activity.  
26 This association in fact had a common or shared purpose, to take  
27 plaintiffs property/money, launder the money and use the money to  
28 benefit the drug distribution enterprise of the Sinoloa Cartel. It  
continued as a unit, with a core membership, over a substantial  
period of time and was an ongoing organization established for an  
economic motive. The association in fact remains viable and active  
at the time of filing of this complaint.

1 29. Defendants engaged in "racketeering activity" within the meaning of  
2 18 U.S.C. Sect. 1961 (1) by engaging in the act set forth above,  
3 aiding and abetting the commission of the foregoing acts, and/or  
4 conspiring to commit the foregoing acts, in violation of the  
5 following laws:

- 6 (a) 18 U.S.C. Sect. 1952 relating to racketeering
- 7 (b) 18 U.S.C. Sect. 1956 relating to money laundering
- 8 (c) 18 U.S.C. Sect. 1957 relating to criminally derived property

9 30. Plaintiffs allege that the aforementioned activities and/or conduct  
10 engaged in by defendants constituted a "pattern of racketeering  
11 activity," as that term is defined in 18 U. S. C. Sect. 1961 (5).  
12 Plaintiffs further allege that the activities and/or conduct engaged  
13 in by defendants were both related as to the modus operandi engaged  
14 in by said defendants of depriving plaintiffs and class members of  
15 money, and was continuous over a period of time.

16 31. Plaintiffs have sustained damages and/or injuries to their interest  
17 in property as a result of defendants' activities and/or conduct, in  
18 an amount according to proof. Plaintiffs are entitled to recover  
19 compensatory damages, said sum to be trebled in an amount according  
20 to proof. Plaintiffs are also entitled to recover an award of  
21 exemplary and punitive damages, Plaintiffs are entitled to recover  
22 attorneys fees, cost and prejudgment interest.

23 32. Defendants are conspiratorially liable inasmuch as;

- 24 a) defendants engaged in a RICO pattern of racketeering
- 25 b) defendants are members of the RICO conspiracy designed and  
26 intended to contravene RICO.
- 27 c) defendants engaged in activities in furtherance of advancing and  
28 promoting the RICO conspiracy designed and intended to contravene  
RICO.
- d) Defendants were members of the RICO conspiracy at and during the  
time frame the activities were committed that constitute the RICO  
pattern of racketeering, and
- e) The offenses fell within the scope of the unlawful agreement and  
could reasonably have been foreseen to be a necessary or natural  
consequence of the unlawful agreement.



**SECOND CAUSE OF ACTION FOR VIOLATION OF RICO, 18 U.S.C. SECTION 1962(A) INVESTMENT OF FUNDS OBTAINED THROUGH RACKETEERING ACTIVITY (BROUGHT AS CLASS ACTION AND INDIVIDUAL ACTION AGAINST ALL DEFENDANTS)**

33.Plaintiffs incorporate paragraphs 1-31, inclusive.

34.Defendants used or invested the income derived, directly or indirectly, from a pattern of racketeering activity, as set forth above, in the establishing or operation of the enterprise(s) in violation of 18 U.S.C. Sect. 1962(a).

35.Money obtained from deposits by the Sinoloa Cartel and its agents were used to expand the enterprise(s) such as by hiring additional compliance officers and law firms that would create and cooperate with the policies that allowed for the money laundering activities.

36.Plaintiffs have sustained damages and/or injuries to their property as a result of defendants' activities and/or conduct that was assisted by the reinvesting of sums.

37.Defendants are conspiratorially liable inasmuch as;

a)defendants engaged in a RICO pattern of racketeering

b)defendants are members of the RICO conspiracy designed and intended to contravene RICO.

c)defendants engaged in activities in furtherance of advancing and promoting the RICO conspiracy designed and intended to contravene RICO.

d)Defendants were members of the RICO conspiracy at and during the time frame the activities were committed that constitute the RICO pattern of racketeering, and

e)The offenses fell within the scope of the unlawful agreement and could reasonably have been foreseen to be a necessary or natural consequence of the unlawful agreement.

**THIRD CAUSE OF ACTION FOR VIOLATION OF RICO, 18,U.S.C. SECTION 1962(b) ACQUIRE OR MAINTAIN AN INTEREST IN OR CONTROL OF AN ENTERPRISE THROUGH A PATTERN OF RACKETEERING ACTIVITY. (BROUGHT AS CLASS ACTION AND INDIVIDUAL ACTION AGAINST ALL DEFENDANTS)**

38.Plaintiffs incorporate paragraphs 1-37, inclusive.

39.Defendants used or invested the money derived, directly or indirectly, from a pattern of racketeering activity, as set forth above, to acquire and maintain an interest in or control of the

enterprise(s) through a pattern of racketeering activity in violation of 18 U.S.C. Sect. 1962(b).

40. Money obtained from the Sinoloa Cartel and its agents was used to acquire and maintain an interest in or control the enterprise(s) such as by hiring additional lobbyist and law firms that would divert the attention of regulators from their wrongful activities in order to be able to increase their interest and control in the enterprise(s).

41. Plaintiffs have sustained damages and/or injuries to their property as a result of defendants' activities and/or conduct that was assisted by defendant's acquisition and control of the enterprise (s).

**FOURTH CAUSE OF ACTION FOR VIOLATION OF RICO, 18, U.S.C. SECTION 1962(d) CONSPIRACY TO VIOLATE 18 U.S.C. SECTION 1962(a), (b) and (c) (BROUGHT AS CLASS ACTION AND INDIVIDUAL ACTION AGAINST ALL DEFENDANTS)**

42. Plaintiffs incorporate paragraphs 1-41, inclusive.

43. Defendants are associated with the aforementioned enterprise (s) and they have agreed and conspired to violate 18 U.S.C. Sect 1962 (a), (b) and (c) as each has agreed to participate indirectly or indirectly in the conduct of the enterprise's affairs through a pattern of racketeering activity, and to use or invest the income derived directly or indirectly from the pattern of racketeering activity to establish or operate the enterprise.

44. Defendants conspiracy to violate 18 U. S. C. Sections (a), (b) and (c) is a violation of 18 U.S.C. Section (d).

45. Defendants' violation of 18 U.S.C. Section 1962 (d) by means of overt acts that are acts of racketeering or otherwise wrongful under RICO injured plaintiffs and class members in an amount to be shown according to proof, said sum to be trebled.

**REQUEST FOR JURY TRIAL**

Plaintiffs demand trial by jury.

PRAYER FOR RELIEF

WHEREFORE, plaintiffs pray for judgment on all causes of action against defendants as follows;

1. For an order certifying this action as a class action;
2. For compensatory damages, said sum to be trebled pursuant to 18 U.S.C. Sect. 1964 (c);
3. For punitive and exemplary damages according to proof;
4. For prejudgment and post-judgment interest;
5. For reasonable attorney fees pursuant to 18 U.S.C. Sect. 1964 (c);
6. For cost of suit incurred herein;
7. For such other and further relief as the court may deem proper.

DATED: 2/18/15

RESPECTFULLY SUBMITTED,

BY: 

DERMOT GIVENS  
Attorney for Plaintiffs